

OPEN MEETING AGENDA ITEM

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August 30, 2007

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Re: Arizona Water Company Application of Extension of CC&N; Revised Hatch-Miller Proposed Amendment #1; Docket No. W-01445A-06-0662

Dear Colleagues and Parties to the Docket:

Along with this letter, I have filed a revised proposed amendment to Docket No. W-01445A-06-0662. The purpose of this amendment is for the Commission to work in conjunction with the Arizona Department of Water Resources in our efforts for water conservation. I believe the following information may be helpful for our consideration of these matters at the next Open Meeting. The reference for this information may be found on the Arizona Department of Water Resources' website¹.

The Arizona Department of Water Resources (ADWR) is currently in the Third Management Plan. This is the third in a series of a five management plans designed to achieve Active Management Area (AMA) management goals. The Groundwater Management Code of 1980 requires ADWR to issue management plans at the beginning of each decade through 2025. The Third Management Plan adopts water management programs for the Prescott, Phoenix, Pinal, Tucson and Santa Cruz Active Management Areas through 2010 or until the Fourth Management Plan is adopted.

The area affected by Arizona Water Company's application is within the Pinal AMA. Under the current Pinal AMA management plan the following language would be applicable.²

Turf-related facilities are those industrial users that apply water to 10 or more acres of water-intensive landscaped areas, including golf courses, parks, schools, cemeteries and common areas within residential developments. The turf conservation program is based on a maximum annual water allotment for each facility, combined with limitations on the number of turfed acres for some new facilities. The calculation of allotments is determined by the type of facility. In most cases, there is a direct relationship between the number of acres of turf and artificial lakes and the size of the allotment. For all turf-related facilities, the annual application rate for turf

¹ <http://www.azwater.gov/dwr/>, last viewed August 30, 2007.

² http://www.azwater.gov/dwr/Content/Publications/files/ThirdMgmtPlan/tmp_final/pinal/ch6-pinal.pdf, last viewed August 30, 2007.

acres is 4.8 acre-feet per acre, the application rate for water surface acres is 6.2 acre-feet per acre, and the application rate for low water use landscaped area is 1.5 acre-feet per acre.

In developing the water allotment formula for golf courses, the Department recognized that the latest conservation technology includes course design that concentrates water-intensive landscaping to areas that come into play, and management practices that adjust water application schedules for weather conditions and seasons of highest play.

Post-1985 golf courses will receive annual water allotments based on the same formula use for other turf-related facilities, up to a maximum of 24 acre-feet per hole for turf and low water use landscaped areas. The Third Management Plan allows for an allotment addition for turf and low water use landscape in excess of 24 acre-feet per hole, if effluent will eventually be used on the excess acreage. Allotments for pre-1986 golf courses are calculated based upon historic acreage of turf, water surface, and low water landscaping. However, any additions to such golf courses are constrained by the same allotment as post-1985 golf courses.

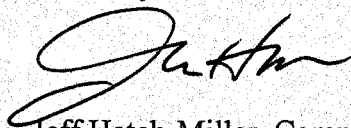
Allotment Additions

- Newly Turfed Area Establishment
- Revegetation
- Body of Water Fill and Refill
- Removed Acreage
- Leaching Allotment
- Additional Low Water Use Landscaped Area and Turfed Acres Within Post-1985 Turf-Related Facilities that are Regulation Golf Courses

All water use stakeholders have pushed for improved management plans and currently ADWR is working on a Best Management Practices (BMP). This is a performance based program that requires participating providers to implement measures that result in water use efficiency in their service areas. The BMP Program would modify ADWR's Third Management Plan. The current draft of the BMP Program is from October 5, 2006 and a new draft of the BMP Program will be completed and distributed in September 2007.

As I indicated above, I look forward to a full discussion of these matters when we consider this docket at our next Open Meeting.

Sincerely,



Jeff Hatch-Miller, Commissioner
Arizona Corporation Commission

cc. Dean Miller
Ernest Johnson
Chris Kempley
Lyn Farmer